WEEKLY ECONOMIC REVIEW

July 27, 2007

A strong labour market with healthy wage growth leaves consumers unafraid to spend. Canadian retail sales saw the largest monthly increase since 2001, jumping past expectations to 2.8% in May. Sales in Alberta were up 3.1% in May, more than offsetting the slight decline in April. Year-to-date growth in retail sales have reached an impressive 11.3% in Alberta, almost double the national average.

Albertans remain the highest paid workers in the country. Average weekly earnings were up 4.3% in the first five months of 2007, whereas nationally earnings grew 2.9%.

Farm product prices were up almost 10% from May 2006, with crops up 10% and livestock and animals up 8.9%. Crop prices reached their highest level since 2004 as oilseeds (+31.9%) and specialty crops (+61.9%) saw huge gains.

Despite a high Canadian dollar, manufacturers are positive about production and employment prospects over the next three months. Positive product prospects were indicated in all provinces but Prince Edward Island, New Brunswick, Quebec and Manitoba, while employment expansions are expected in all but New Brunswick, Quebec and Ontario.

Even with a weak consumer sector, the U.S. economy grew by a healthy 3.4% annualized in the second quarter (advance data). Growth was led by strength in capital spending and rising exports due in part by the depreciating US dollar. Other positive signals arose with inflation abating one percentage point to 1.4% in the second quarter.

The U.S. is still experiencing troubles in the housing sector due to rising borrowing costs and a large supply of homes. Resales fell for the fourth straight month, by 3.8% in June, while new home sales fell 6.6%. Difficulties in the housing sector are likely to continue through the rest of 2007, putting downward pressure on US growth.

A major correction in the stock market this week resulted in the Canadian dollar falling from 96 cents to 94 cents U.S.

Cdn Dollar (US¢/CS)

July	27, 2007	94.4
July	20, 2007	95.8
2007-08 YTD		92.2

WTI Oil US$/bbl

July	26, 2007	$ 74.95
July	19, 2007	$ 75.92
2007-08 YTD		$ 66.96

Nymex Natural Gas CS/MMBtu*
July Contract

July	27, 2007	$ 6.22
July	20, 2007	$ 6.88

*Estimate based on Nymex Futures Market Price

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date[1]
Average Weekly Earnings ($)	**May**			
Alberta	818.87	-0.8%	3.2%	4.3%
Canada	766.32	0.2%	2.8%	2.9%
Retail Trade ($ Billions)				
Alberta	$5.2	3.1%	11.7%	11.3%
Canada	$35.0	2.8%	8.2%	6.2%

Source: Statistics Canada, US Bureau of Economic Analysis
[1]*Year-to-date 2007 compared to the same period in 2006; 2 seasonally adjusted at annual rate.*